

Message Text

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C O N F I D E N T I A L BANGKOK 8579

E.O. 11652: GDS
TAGS: PFOR, EAID, NL, VN
SUBJECT: AID TO VIET-NAM: THE RECENT DUTCH EXPERIENCE

SUMMARY: THE DUTCH EXPERIENCE IN DEALING WITH THE SRV ON AID MATTERS HAS NOT BEEN A VERY SATISFYING ONE TO DATE. THE VIETNAMESE COUNTERED THE DUTCH DESIRE TO HELP ALLEVIATE THE VIETNAMESE FOOD SHORTAGE, THROUGH PROVIDING RICE THROUGH WFP, WITH ALTERNATE PROPOSALS. THE VIETNAMESE APPEAR TO GIVE LITTLE FORETHOUGHT TO PROJECT PROPOSALS AND SEEM TO WANT AS LITTLE DONOR COUNTRY INVOLVEMENT AND CONTROL AS POSSIBLE, AT THE SAME TIME SEEKING THE MAXIMUM IN FUNDS OR GOODS. END SUMMARY.

1. DUTCH EMBOFF ASSIGNED TO HANOI DESCRIBED APR 19 RECENT DUTCH EXPERIENCES AND FRUSTRATIONS IN DEALING WITH THE VIETNAMESE ON AID PROJECTS. FOLLOWING IS A SUMMARY OF HIS COMMENTS, WHICH WE SUSPECT ARE FAIRLY REPRESENTATIVE OF THE EXPERIENCES OF OTHER WESTERN AND PROBABLY EVEN OF COM-
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MUNIST ONERS OF AID TO VIET-NAM.

2. FOOD AID. AS THEY DID WITH VIRTUALLY EVERYONE ALSO WITH TIES WITH HANOI, THE SRV REQUESTED THE NETHERLANDS TO PROVIDE FOOD AID TO ALLEVIATE THE VERY REAL SHORTAGE OF RICE IN VIET-NAMN PARTICULARLY IN THE CENTRAL PART OF THE COUNTRY. THE GON AGREED TO ALLOCATE FIVE MILLION

GUILDERS FOR PURCHASE OF RICE, WITH WORLD FOOD PROGRAM HANDLING SHIPMENT. AN SRV MFA EUROPEAN DIVISION OFFICIAL, WITHOUT EXPRESSING A WORD OF APPRECIATION FOR THE OFFER, COMPLAINED IMMEDIATELY, SAYING THAT THE SRV (A) DID NOT WANT RICE BUT WHEAT, BECAUSE ONE CAN HAVE THE LATTER IN GREATER QUANTITY BECAUSE OF ITS CHEAPER WORLD MARKET PRICE; (B) DID NOT WANT WFP TO BE INVOLVED BECAUSE OF THAT ORGANIZATION'S HIGH OVERHEAD COSTS; AND (C) PREFERRED THAT GRAIN BE SHIPPED IN VIETNAMESE BOTTOMS. VIETNAMESE ATTITUDE, PARTICULARLY VIS-A-VIS WFP, DID NOT APPARENTLY GO OVER VERY WELL WITH THE DUTCH, WHO HAVE NOT YET DECIDED HOW TO PROCEED.

3. REGULAR DUTCH AID PROGRAM. DUTCH MISSION WHICH VISITED HANOI LAST NOVEMBER TO TRY TO REACH AGREEMENT ON SPENDING THE ONE HUNDRED MILLION GUILDERS GON HAS ALLOCATED FOR ASSISTANCE TO VIET-NAM ENDED UP INITIATING A PROCESS RATHER THAN REACHING FINAL AGREEMENT UPON ITS DEPARTURE NOV 13. IT WAS AGREED THAT FIFTEEN MILLION GUILDERS WOULD BE SPENT FOR A CORN PROCESSING PLANT. RATHER THAN HAVE THE PROJECT PROPOSAL READY AT THE TIME THE VIETNAMESE SUBMITTED IT TO THE DUTCH JUST ONE MONTH AGO, SO THE DUTCH ARE NOT MUCH FARTHER ALONG NOW WITH IT THAN WHERE THEY HAD EXPECTED TO BE LAST NOVEMBER.

4. AS FOR THE REMAINING EIGHTY-FIVE MILLION GUILDERS, THE VIETNAMESE INFORMED THE DUTCH THEY WANTED IT VIRTUALLY HANDED OVER TO THEM TO BE SPENT FOR FOREIGN PURCHASES PRACTICALLY AS THEY SAW FIT. THE DUTCH PROTESTED THAT

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THEIR PARLIAMENT COULD NEVER SUPPORT PROVISION OF FUNDS OVER WHICH THE GON WOULD HAVE SO LITTLE CONTROL. FINALLY, THEY AGREED THAT ONE-HALF OF THE MONEY WOULD BE SPENT ON A PARTICULAR PROJECT (THE VIETNAMESE TOLD THE DUTCH THAT THEY HAD IN MIND AN AGRICULTURAL AND IRRIGATION PROJECT IN THE MEKONG DELTA) AND THE REMAINDER OF GENERAL VIETNAMESE EQUIPMENT NEEDS WHICH THE GON WOULD PROVIDE, BASED ON AN SRV SHOPPING LIST.

5. CONCERNING THE INTERNATIONALLY-SUPPORTED MEKONG PROJECT, THAT, TOO, SEEMED TO BE AN IDEA UNSUPPORTED BY ADVANCE PLANNING ON THE VIETNAMESE SIDE. ONLY TWO WEEKS AGO DID THE VIETNAMESE PROVIDE THE DETAILED PROJECT PROPOSAL, CALLING FOR A MAMMOTH DEVELOPMENT EFFORT FOR WHICH THE DUTCH FUNDS WOULD HARDLY BEGIN TO SUFFICE. THE GON IS NOW STUDYING THE PROPOSAL. FOR WHATEVER PROJECT THE DUTCH SUPPORT, THEY APPARENTLY LIKE TO HAVE SOMEONE ON THE GROUND TO OBSERVE ITS PROGRESS. THIS PROJECT WOULD ALMOST CERTAINLY REQUIRE THE PRESENCE OF DUTCH TECHNICAL

PERSONNEL. THE MAXIMUM CONCESSION THE VIETNAMESE HAVE BEEN WILLING TO MAKE TO DATE IS THAT DUTCH PERSONNEL COULD BE PRESENT AT THE INITIAL STAGE OF THE PROJECT. (PARTICIPANTS IN APR 19 CONVERSATION SPECULATED WHETHER SRV OFFICIALS WERE PURPOSELY TRYING TO PRESENT DUTCH WITH PROJECT LARGER THAN ANTICIPATED IN HOPES OF DRAWING MORE AID OUT OF THEM, SIMILAR PERHAPS TO THE SWEDISH PAPER MILL PROJECT NEAR VIET TRI.)

6. WITH RESPECT TO THE PURCHASE OF EQUIPMENT FOR THE VIETNAMESE, THE MINISTRY OF FOREIGN TRADE'S STATE CORPORATION, TECHNOIMPORT, PRESENTED THE DUTCH STATE PURCHASING AGENCY A LIST OF DESIRED ITEMS. IN SUBSEQUENT CORRESPONDENCE, THE DUTCH LISTED THE EQUIPMENT BEING PROCURED AND THE VALUE OF EACH PIECE. TO THE DUTCH IRRITATION, TECHNOIMPORT REPLIED THAT IT BELIEVED THE PRICES THE DUTCH WERE PAYING WERE INFLATED AND DEMANDED PROCUREMENT.

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MENT AT LOWER PRICES. ASKED WHETHER THE VIETNAMESE HAVE EVEN AN IDEA OF THE GUILDER'S VALUE IN RELATION TO THE DONG, OUR SOURCE REPLIED THAT THEY PROBABLY DO NOT, THAT THE FEELING WAS THAT THE VIETNAMESE WOULD ROUTINELY HAVE PROTESTED THE PRICES OF THE EQUIPMENT WHATEVER THEY HAD BEEN, THE VIETNAMESE SIMPLY TRYING TO OBTAIN AS MUCH AS "SQUEEZEABLE" OUT OF THE MONEY. THE BALL IS NOW BACK IN THE DUTCH COURT.

7. THE DUTCH EMBOFF COMMENTED THAT WHAT IS MILDLY INFURIATING IN HANOI TO ALL THOSE DISCUSSING AID QUESTIONS WITH THE SRV IS THE VIETNAMESE ATTITUDE THAT IT IS "NATURAL" FOR THE WORLD TO PROVIDE THEM AID. HOW WELL THEY CAN ABSORB IT IS ANOTHER QUESTION, HOWEVER AND OUR SOURCE IS CONVINCED THAT THE ANSWER IS "NOT VERY WELL", ALTHOUGH THE VIETNAMESE CONTINUE TO HOLD THEIR HANDS OUT TO EVERYONE FOR ANYTHING THEY CAN OBTAIN. IN DISCUSSIONS, VIETNAMESE REQUESTS FOR PROJECTS SEEM TO BE BARELY THOUGHT OUT, THE PROOF BEING THAT THE PLANS SUPPORTING THOSE IN THE DUTCH CASE WERE PRESENTED FOUR MONTHS LATER.

8. FINALLY, THE DUTCHMAN FINDS THE EXTENT OF THE INVOLVEMENT OF THE FOREIGN TRADE MINISTRY IN FOREIGN AID MATTERS OF INTEREST. AS MUCH AS THE MFA AND THE COMMITTEE IN THE PRIME MINISTER'S OFFICE FOR COORDINATING FOREIGN AID, AND FAR MORE THAN THE MINISTRIES IN WHOSE REALM A PROJECT FALLS, THE FOREIGN TRADE MINISTRY IS AN ACTIVE PARTICIPANT ON THE VIETNAMESE SIDE, TO AN EXTENT WHICH LEADS ONE TO SPECULATE THAT THE PRIMARY GOAL IS TO BRING GOODS AND EQUIPMENT INTO THE COUNTRY RATHER THAN TO MEET THE REAL GOAL OF DEVELOPMENT.

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